

SAMPLE SURPLUS NOTE FOR ALL CREDITORS

\$_____Dollars

SURPLUS NOTE TO

[Name of creditor]

Issued: [Date of Approved Plan]

OmniCare Health Plan ("OmniCare"), a Michigan nonprofit corporation and licensed as a health maintenance organization under the laws of Michigan, for value received, hereby promises to pay to CREDITOR or registered assigns (the "Note Holder"), the principal amount of \$_____ without interest on the terms and subject to the conditions set forth in this Surplus Note. This Surplus Note is being issued with other surplus notes of OmniCare pursuant to a Plan of Rehabilitation for OmniCare approved by the 30th Judicial Circuit Court in the County of Ingham on _____, 2002 in the matter entitled *E. L. Cox, Commissioner Of Insurance For The State of Michigan vs. Michigan Health Maintenance Organization Plans, Inc*, No. 98-88265-CR. Each Surplus Note ranks *pari passu* with the other surplus notes for all purposes hereunder. Payments of principal on each Surplus Note shall be paid simultaneously and in pro rata amounts based upon the then unpaid balances of principal with respect to each Surplus Note.

Pursuant to the Court's Order [date] approving OmniCare's Rehabilitation Plan, the Deputy Rehabilitators Bobby Jones and/or Beverly Allen are required and authorized to execute this Surplus Note on behalf of OmniCare.

This Surplus Note shall not be a liability or claim against OmniCare or any of its assets, except as provided in this Surplus Note. This Surplus Note does not confer any rights upon the

Note Holder other than the right to receive payment of the unpaid principal on the terms and subject to the conditions set forth in this Surplus Note.

This Surplus Note shall be repaid only out of the surplus earnings of OmniCare and only with the prior written approval of the Michigan Office of Financial and Insurance Services ("OFIS") as to each payment. This Surplus Note does not have a stated maturity or repayment date. Subject to the approval requirements set forth herein, OmniCare, at its option, may repay all or any part of the principal at any time after issuance. If OmniCare repays the principal in full at any time during years one through eight after the date of issuance of this Surplus Note, the principal shall be discounted to the amount equal to the applicable percentages of the unpaid principal. The applicable percentage shall be determined by the loan year in which the repayment in full is made, as follows:

Loan Year	Applicable Percentage of Principal To Be Paid
2003	30%
2004	40%
2005	50%
2006	60%
2007	70%
2008	80%
2009	90%
2010	100%

All partial payments of principal shall be made by OmniCare to the Note Holder without presentment of this Surplus Note or endorsement of such payment. The final payment of principal shall be made only on surrender of this Surplus Note at the office of the Creditor. All payments and notices shall be mailed to the Note Holder at his or her last known address appearing on the books of OmniCare.

By acceptance of this Surplus Note, the Note Holder agrees that the payment of principal is expressly subordinated to claims of creditors and members of OmniCare and any other priority claims provided by Chapter 81 of the Insurance Code, which provides that surplus notes are at the eighth level of priority. If OmniCare is dissolved and there are insufficient assets to pay in full the principal amount of all outstanding Surplus Notes, then OmniCare shall pay the Surplus Notes pro rata on the basis of the outstanding principal amount of each Surplus Note. Regardless of the issuance date of this Surplus Note or any other surplus note of OmniCare, this Surplus Note shall be of equal rank with any other surplus note, unless such other surplus note is expressly subordinated to this Surplus Note.

No recourse under this Surplus Note shall be had against any member, officer or director of OmniCare, either directly or through OmniCare, by virtue of any statutes, by enforcement of any assessment or otherwise. By acceptance of this Surplus Note, the Note Holder waives and releases any liability of or claims against such members, officers, and directors under this Surplus Note.

No recourse under this Surplus Note shall be had against the State of Michigan, its officers, directors, commissioners, agents, employees or by acceptance of this Surplus Note, the Note Holder waives and releases any liability of or claims against the State of Michigan, its officers, directors, commissioners, agents, employees, or programs under this Surplus Note.

This Surplus Note shall be governed by, and construed in accordance with, the laws of the State of Michigan, and the parties hereto shall submit any disputes related to this Surplus Note to the 30th Judicial Circuit Court in the County of Ingham.

OmniCare may treat the Note Holder as the owner of this Surplus Note for all purposes including payment of principal. No transfer of this Surplus Note shall be valid for any purpose

until all transfer restrictions have been satisfied and such transfer shall have been recorded in the books of OmniCare.

TRANSFER RESTRICTIONS

OMNICARE HAS OFFERED AND SOLD THIS SURPLUS NOTE PURSUANT TO EXEMPTIONS FROM REGISTRATIONS UNDER THE FEDERAL AND STATE SECURITIES LAWS. A HOLDER OF THIS SURPLUS NOTE MAY NOT SELL OR OTHERWISE TRANSFER THE SURPLUS NOTE UNLESS THE OFFER AND SALE IS REGISTERED OR EXEMPT FROM REGISTRATION UNDER THE FEDERAL AND APPLICABLE STATE SECURITIES LAWS. UNDER THE FEDERAL SECURITIES LAWS AND RULES PROMULGATED THEREUNDER, FOR A PERIOD OF NINE MONTHS AFTER THE DATE OF THIS SURPLUS NOTE, THE HOLDER OF THIS SURPLUS NOTE MAY NOT RESELL THIS SURPLUS NOTE TO ANY PERSON NOT A RESIDENT WITHIN MICHIGAN. THE FOREGOING LIMITATIONS HAVE THE EFFECT OF PRECLUDING FOR AT LEAST NINE MONTHS, AND PERHAPS FOREVER, THE RESALE OF THIS SURPLUS NOTE OTHER THAN TO CERTAIN BONA FIDE RESIDENTS OF MICHIGAN. OMNICARE MAY REQUIRE AN OPINION OF COUNSEL ACCEPTABLE TO OMNICARE THAT ANY SALE OR OTHER TRANSFER OF THIS SURPLUS NOTE SHALL NOT VIOLATE THE FEDERAL AND ANY APPLICABLE STATE SECURITIES LAWS.

IN WITNESS WHEREOF, OmniCare has caused the Surplus Note to be executed by a duly authorized Deputy Rehabilitator as of this _____ day of _____, 2002.

BOBBY JONES
Deputy Rehabilitator

BEVERLY ALLEN
Deputy Rehabilitator